

# **Committee Termination Requirements for State Candidates and Officeholders**

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December, 2002

The Fair Political Practices Commission adopted regulation 18404.1 as part of its implementation of Proposition 34. This regulation, among other things, establishes specific time frames for candidates for elective state office and elected state officeholders to close their campaign committees. The regulation became effective on February 15, 2002.

## **State Officeholders Who No Longer Held a State Office as of February 15, 2002 and Defeated State Candidates (Elections Held Prior to February 15, 2002)**

A controlled committee established for a state election held before January 1, 2001, must be terminated by December 31, 2002.

Candidates defeated in special elections that were held between January 1, 2001, and February 15, 2002, should have terminated their committees by November 15, 2002, if the committee had no net debts outstanding, as defined in regulation 18531.6. If the committee has net debts, it must terminate by February 15, 2004.

*Example: City Councilman Jameson Ryan ran unsuccessfully for Senate in the 2000 primary election. The senate committee is still open. In addition, Mr. Ryan has an open committee established for his 1998 election to city council. Councilman Ryan must terminate his senate committee by December 31, 2002. His local committee may remain open.*

## **State Officeholders Who Held State Office on February 15, 2002 with Pre-2001 Election Committees**

State officeholders who have an open committee formed for a state election held before 2001 must close the committee by December 31, 2002. However, an officeholder elected prior to January 1, 2001, may retain one pre-2001 state election committee. This pre-2001 committee, if debt-free, must be terminated no later than nine months after the officeholder leaves office or the term of office held on February 15, 2002, ends, whichever is earlier. A committee with debt must be terminated no later than 24 months after the officeholder leaves office or the term of office held on February 15, 2002, ends, whichever is earlier. (See the example below. Also see the information on terminating local committees.)

## **State Elections Held On or After February 15, 2002**

Committees formed for a state election held after February 15, 2002, have different termination deadlines depending on whether the candidate is successful in the election and whether the committee has net debt. To determine net debt, see regulation 18531.6. (Committees formed for the three state special elections held between January 1, 2001, and February 15, 2002, must refer to regulation 18531.6 for termination dates as deadlines are different from committees formed for elections held after February 15, 2002.)

### ***Successful candidates***

A committee with no net debts outstanding must be terminated no later than nine months after the date the officeholder leaves office or the term of office ends, whichever is earlier.

A committee with net debts outstanding must be terminated no later than 24 months after the date the officeholder leaves office or the term of office ends, whichever is earlier.

### ***Defeated candidates***

A committee with no net debts outstanding must be terminated no later than nine months after the election. A committee with net debts outstanding must be terminated no later than 24 months after the election.

*Example: Senator Jared Alan has three open committees. One committee was established for his 1998 election to Assembly. The second committee was formed in 2000 for his current Senate term and the third for reelection in 2004. Senator Alan must close one of the committees formed for elections held prior to January 1, 2001 (either his Assembly committee or his 2000 Senate committee) no later than December 31, 2002. The other pre-2001 committee, if debt-free, must be terminated no later than nine months after either the date Senator Alan leaves office or his 2000 term of office ends, whichever is earlier. (His 2000 term of office ends on December 5, 2004.) The termination date for the 2004 Senate committee depends upon whether Senator Alan is reelected and whether his committee has net debts outstanding after the 2004 election.*

## **State Officeholders with Local Committees**

Candidates who are elected to a state office must terminate any controlled committees that were formed for any local elections that were held concurrent with or prior to their election to state office. The termination must occur no later than December 31, 2002, for committees formed by candidates who held an elective state office on February 15, 2002, pursuant to an election held prior to January 1, 2001, and within 24 months of the candidate's election to state office if the election occurred after January 1, 2001.

*Example: Senator Shannon Jackson has an open committee established for her 1996 election to city council. Senator Jackson also has an open Senate committee formed in 2000 for her current term of office. The committee formed for city council must be terminated by December 31, 2002.*

### **Termination Requirements**

A committee with debt must provide 60 days notice to creditors prior to termination.

Prior to terminating, a committee must pay its debts or declare it has no ability to pay its debts, dispose of all cash, and close its bank account. No new contributions may be received – future contributions must be returned to the contributor - and no further expenditures may be made once the committee has been terminated. The committee must file a Statement of Organization (Form 410) stating that the committee has been terminated, and a termination Recipient Committee Campaign Statement (Form 460) reflecting zero ending cash. (Regulation 18404.)

### **Extensions**

A committee may request to delay its termination for up to six months if it is continuing to receive contributions or anticipates receiving contributions for the purpose of paying debts, if the candidate or committee is a party to litigation, or for other good cause. The request for extension must be submitted to the Executive Director of the Fair Political Practices Commission no later than 30 days prior to the due date for the committee's termination.

For more information on this or any other campaign disclosure requirements under the Political Reform Act, call the FPPC's toll-free advice line at 1-866-ASK FPPC (866-275-3772). The Act, FPPC regulations, forms, manuals, fact sheets, and other important information can be found on the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).